

Message Text

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C O N F I D E N T I A L STATE 180598

FOL RPT BUDAPEST 2425 ACTION SECSTATE WASHDC INFO BERLIN
BUCHAREST GENEVA MOSCOW PRAGUE SOFIA WARSAW JUL 20

QUOTE: F O N F I D E N T I A L BUDAPEST 2425

E.O. 11652: GDS
TAGS: UNDP, EAID, HU
SUBJ: UNDP: U.S. OFFER TO PURCHASE NON-CONVERTIBLE CURRENCIES

REF: (A) GENEVA 5272, (B) STATE 169133

1. EMBASSY OFFICER MET WITH SANDOR HAJNAL OF FOREIGN MINISTRY
JULY 19 TO DISCUSS U.S. PROPOSAL FOR PURCHASE OF NON-CONVERTIBLE
CURRENCIES BEING HELD BY UNDP. EMBOFF EXPLAINED U.S. PROPOSAL
AS OUTLINED REFTELS.

2. ACCORDING TO HAJNAL, GOH REJECTED U.S. PROPOSAL DURING
22ND GOVERNING COUNCIL MEETING. MAJNAL SAID THAT GOH BELIEVES
THAT UNDP CAN MAKE FULL USE OF HUNGARIAN CURRENCY (ABOUT
\$500,000) IN NON-CONVERTIBLE ACCOUNT. HAJNAL SAID THAT DIS-
CUSSIONS WERE NOW UNDER WAY BETWEEN UNDP AND GOM OFFICIALS IN
ATTEMPT TO SPEED UP DRAWDOWN OF FORINT ACCOUNT.

3. HAJNAL THEN WENT INTO GREAT DETAIL CONCERNING
HUNGARY'S GREAT CONTRIBUTIONS TO UNDP AND SAID THAT
ALREADY 82 PERCENT OF GOH CONTRIBUTED WAS BEING FULLY
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UTILIZED. AT SAME TIME HE CONFIRMED THAT GOH WOULD NOT

BE UTILIZING APPROXIMATELY \$4 MILLION OF THE \$7.5 MILLION
ALLOCATED TO UNDP PROJECTS IN HUNGARY FOR 1977-81.

4. COMMENT: HAJNAL WAS SOMEWHAT DEFENSIVE CONCERNING
HUNGARY'S REJECTION OF U.S. PROPOSAL. HE VIGOROUSLY
REJECTED SUGGESTION THAT GOH ATTEMPTING TO TIE USE OF
ITS CONTRIBUTIONS TO PURCHASES OF GOODS AND SERVICES
IN HUNGARY. HE ADMITTED, HOWEVER, THAT GOH PROPOSAL
AMOUNTS TO SAME THING AS A CONTRIBUTION WITH STRINGS
ATTACHED.

MUDD

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